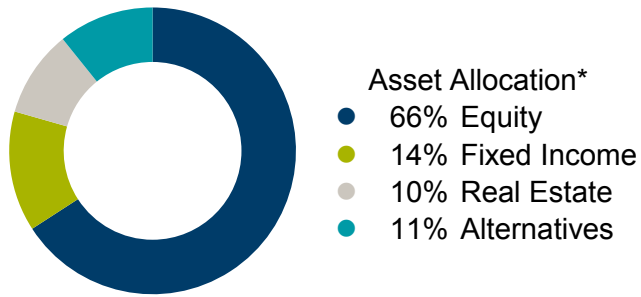


Greater Tacoma Community Foundation – Endowment Portfolio

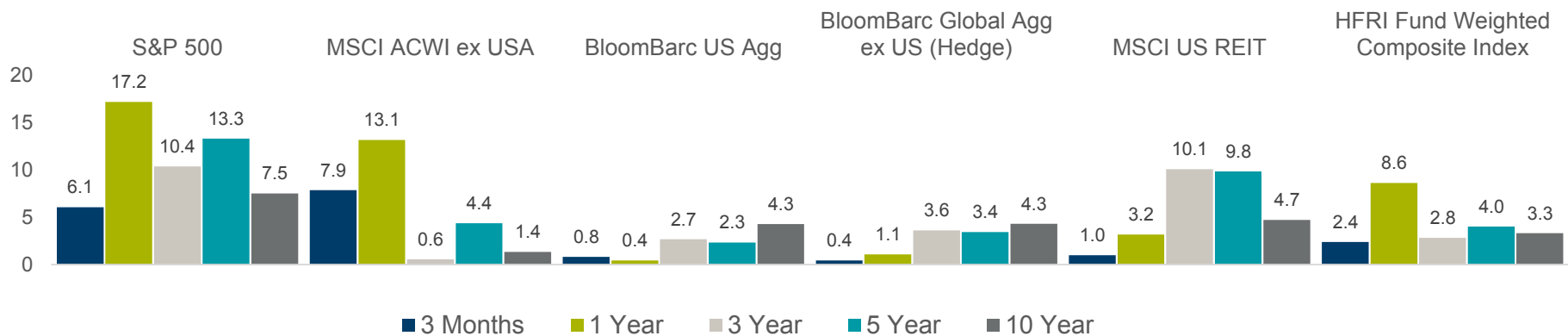
Portfolio composition



Endowment Performance

	1st QTR	1 Yr	3 Yr	5 Yr	10 Yr	Inception (12/31/1999)
Portfolio	4.3%	10.8%	2.8%	6.0%	4.0%	5.8%
Benchmark**	4.6%	10.5%	3.3%	5.4%	4.3%	5.2%

Market Performance



Data as-of March 31, 2016. Source: Vanguard.

*Values do not sum to 100% due to rounding. Vanguard fund balance was \$72,575,226; FEG balance was \$7,789,725; Forrester \$4,224,380

**Target-weighted benchmark. Benchmark history available upon request

1st Quarter Overview

Equity markets extend 2016 rally

Domestic equity markets extended momentum from 2016 into 2017. The broad U.S. equity market¹ gained 1.9% in January and 3.7% in February. The pace of gains slowed in March, but U.S. equities still ended the quarter with a strong gain of 5.8%. Within the U.S. equity market, the recent trend of small-cap outperformance reversed during the first quarter with both large-cap² and mid-cap³ equities gaining 6.2% and outperforming the 3.7% return for small-cap equities⁴.

From a style perspective, growth stocks⁵ benefitted from strong momentum in specific sectors and returned 8.6%, handily outperforming their value stock⁶ counterparts which finished up 3% for the quarter. From a sector perspective, growth sectors such as information technology (+11.83%), health care (+9.12%) and consumer discretionary (+7.91%) led the way while value-oriented sectors lagged with financials gaining only 2.3% while telecommunication services (-3.5%) and energy (-6.89%) fell.

In yet another reversal of a recent trend, the international equity market⁷ outperformed the U.S., rising 7.9% over the quarter. Within international markets, emerging market equities⁸ continued to dominate, advancing 10.2% over the first quarter while non-U.S. developed market equities⁹ rose 7.7%.

Treasury yield curve little changed over the Q1

In March, the Federal Reserve raised the benchmark federal funds rate for the third time since the Global Financial Crisis. The move was certainly expected by market participants after strong economic data releases to start the year, combined with the hawkish tone set in the minutes from the Fed's December meeting. The new target range for the federal funds rate now stands at 0.75% - 1.0%.

Across the rest of the yield curve, rates were little changed from where they finished 2016, and the benchmark 10-year Treasury yield fell from 2.45% to 2.40% over the first quarter. In this rate environment, the broad U.S. fixed income market¹⁰ returned 0.8% while U.S. Treasuries¹¹ rose 0.7%. Furthermore, against the backdrop of low defaults and improving economic growth, investment grade credit bonds¹² gained 1.3% while high-yield bonds¹³ continued to benefit from the risk-on environment by advancing 2.7% over the quarter.

Outside of the United States, economic data was largely positive and, as a result, yields remained stable with hedged international bonds¹⁴ registering a 0.1% gain while their unhedged counterparts¹⁵ returned 2.5% over the period as the dollar mostly weakened from year-end 2016 levels.

Looking ahead: subdued growth and modest returns

Vanguard's views for 2017 and beyond include subdued growth, especially compared with the type of growth that developed markets experienced before the Global Financial Crisis. The underlying reasons are that the long-term drivers of growth are not necessarily policy-related – there are structural forces such as demographics and technology enhancements behind growth. Consistent technological breakthroughs have not translated into faster productivity growth yet.

Our broad expectations are for growth in the United States to be in the 2.5% range for 2017, despite the lack of clarity around policies with the new presidential administration. However, potential benefits include tax reform and infrastructure spending, both of which could have positive effects.

Finally, Vanguard's outlook for global equity and fixed income returns remains modest compared with historical averages. According to Joe Davis, Vanguard Global Chief Economist; "I think the investment environment for the next five years is going to be more challenging than the previous five." Indeed, some of the potential short-term bumps in global growth may also appear in financial markets. However, that possibility shouldn't be what determines investors' long-term asset allocation. Rather, portfolio allocations should be well diversified and dependent on long-term goals as well as comfort with risk.

Index Returns:

1) CRSP US Total Market Index, 2) CRSP US Large-Cap Index, 3) CRSP US Mid-Cap Index, 4) CRSP US Small-Cap Index, 5) Russell 3000 Growth Index, 6) Russell 3000 Value, 7) FTSE Global All-Cap Ex-US Index, 8) FTSE Emerging Index, 9) FTSE Developed All-Cap ex-US Index, 10) BloombergBarclays US Aggregate Float Adjusted Index, 11) BloombergBarclays US Treasury Index, 12) BloombergBarclays US Credit Index, 13) BloombergBarclays US Corporate High Yield, 14) BloombergBarclays Global Aggregate ex-USD Float Adjusted RIC Cap Index Hedged, 15) BloombergBarclays Global Aggregate ex-USD Index

Sources:

Vanguard, U.S. Treasury, U.S. Federal Reserve, Bureau of Labor Statistics, Bureau of Economic Analysis, Conference Board, Institute for Supply Management, Bank of England, Financial Times, Eurostat, Wall Street Journal, Reuters, Bank of Japan, Bloomberg and European Central Bank,